

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7593

BILL NUMBER: HB 1471

NOTE PREPARED: Jan 10, 2009

BILL AMENDED:

SUBJECT: Assessment rules.

FIRST AUTHOR: Rep. Pelath

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill prohibits the Department of Local Government Finance (DLGF) from changing the standards used to assess tangible property for property tax purposes except as necessary to bring a rule into conformity with a statute. The bill changes the valuation date used in the last reassessment to January 1 of the year immediately preceding the reassessment date. It also repeals a law requiring the State Board of Tax Commissioners (which no longer exists) to adopt rules.

Effective Date: Upon passage.

Explanation of State Expenditures: The DLGF has promulgated new real property and mobile home assessment rules that will be effective for taxes payable in 2012. Under this proposal, the new rules would be voided and the current rule would remain in effect indefinitely. The DLGF would be required to update the various tables, formulas, and values contained in the rules to account for changes since the last general reassessment. The DLGF should be able to make the updates with existing resources.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: A requirement to continue the current assessment rules for taxes payable in 2012 and later would result in assessments that are different each year only because of market forces. Assuming that all property is currently assessed in accordance with the assessment and trending rules, a general reassessment under the same rules but with updated tables should result in only modest one-year changes to assessments. Changes in assessments drive tax shifts, and along with levy growth, affect the cost

of circuit breaker credits.

The bill also specifies that the valuation used for the March 1, 2011 assessment date (taxes payable in 2012) must be based on property values as of January 1, 2010. Annual valuations under the current rule on trending are also based on the property valuation as of January 1 of the year prior to the assessment date.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Township and county assessors.

Information Sources:

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